

**MINUTES OF THE
SCHERTZ/SEGUIN LOCAL GOVERNMENT CORPORATION**

**THE STATE OF TEXAS §
COUNTY OF GUADALUPE §**

**SCHERTZ/SEGUIN LOCAL §
GOVERNMENT CORPORATION §**

On this the 23rd day of June, 2011, the Schertz/Seguin Local Government Corporation (SSLGC) convened at 1:35 p.m. in the City of Seguin Council Chambers located at 210 E. Gonzales, Seguin, Texas. The following members being present and in attendance:

Ken Greenwald	President
Robin Dwyer	Vice-President
Timothy "Jake" Jacobs	Secretary
Andrew Koenig	Treasurer
Betty Ann Matthies	Ex-Officio

and the following director being absent:

Kerry Koehler	Director
Hal Baldwin	Ex-Officio

constituting a majority of the persons appointed to the Board and a quorum for the transaction of business, and notice of such meeting having been duly given in accordance with the provisions of Texas law. Also in attendance were:

Doug Faseler	City Manager Seguin
Johnny Bierschwale	Assistant City Manager Schertz
Susan Caddell	Finance Director Seguin
Sam Willoughby	Public Works Director Schertz
Patrick Lindner	Counsel (Davidson & Troilo)
Bill Klemt	Hydrologist/Consultant
John Winkler	Consultant (Walker Partners)
Crockett Camp	Consultant/Project Manager
Dan Jackson	Rate Consultant (Economist.com)
Jack Fickessen	Legislative Consultant
Alan Cockerell	General Manager SSLGC
Shawn Shimek	Water System Superintendent SSLGC
Regina Franke	Administrative Assistant SSLGC

The first order of business was to Call the Meeting to Order.

President Ken Greenwald called the meeting to order at 1:35 p.m.

The second order of business was Public Comment.

President Greenwald presented Mr. Jim Wolverton with a Proclamation of Appreciation for his time served on the SSLGC Board. In addition, Mr. Cockerell presented a plaque to Mr. Wolverton in recognition of his service. Mr. Wolverton served as Director, Treasurer, and Secretary from 1998 until 2011.

Mr. Cockerell recognized the most recent addition to the SSLGC staff, Chris Hubbard. He has been employed since May 2011.

The third order of business was Approval of the Minutes for the Board Meeting held on May19, 2011.

Vice-President Dwyer made a motion to approve the May 19, 2011 minutes as read. Treasurer Koenig seconded the motion. Upon a vote being called, the motion carried by unanimous decision.

The fourth order of business was Presentation of the General Manager's Report – Alan Cockerell, General Manager.

General Manager Alan Cockerell's written report was included in the board agenda packets. He added the following items to his written report:

Mr. Cockerell noted that public relation efforts continue with recent award of four scholarships to Nixon-Smiley graduating seniors which he presented at their graduation ceremony in May 2011. He also conducted two separate tours of the facilities in Nixon. Mr. Cockerell led the tour for the perspective members of the Cibolo Valley Local Government Corporation with approximately twelve attendees. He also hosted a tour for the WET (Water Education for Teachers) program with fifteen elementary teachers from the Schertz-Cibolo-Universal City ISD.

Mr. Cockerell advised that SSLGC'S Drought Contingency & Water Emergency Response Plan Triggers for Stage 1 exist and indicate MILD Water Shortage Condition due to the following conditions:

- Water demand is projected to approach 100% of the monthly limit of the GCUWCD permitted supply and
- The water system has malfunctioned, but is still able to meet demand

Due to the above stated conditions Stage 1 is to be implemented. Pumpage for the previous month was 93% and the demand for June is on track to reach and potentially exceed 100% of the monthly allowable. Well # 8 is currently out of service and is in the process of being repaired.

A response required by customers is as follows:

- Blending of alternate water sources by customers
- Customers implement voluntary measures to reduce water usage by 10%

Mr. Cockerell advised the Board that the he will mail letters regarding this issue and requests; this met with no opposition from the Board.

➤ **Water Production**

Seasonal pumping and monthly water sales charts were included in the board agenda packets. Water production for the month of May 2011 was at 93.0% of Gonzales County Underground Water Conservation District's (GCUWCD) monthly allowable. Mr. Cockerell advised the Board that the City of Schertz's usage was less due to their decision to blend from an alternate water source.

➤ **GCUWCD**

The meeting was cancelled due to a quorum not being present. The District has rescheduled the meeting for June 22, 2011. A copy of the agenda is included in your packet. Mr. Cockerell stated that the District has hired a Mitigation Manager and he will begin to contact landowners. Mr. Cockerell will continue to update the Board.

Treasurer Koenig inquired about how that Mitigation Fund was to be financed. Mr. Cockerell advised payments are scheduled to be made by SSLGC, CRWA, and SAWS; the time lines for each are different.

The District conducted a public hearing in regards to the permit applications by CRWA, HCPUA and TWA on May 23, 2011. The meeting was approximately eleven hours and party status was granted for all entities.

➤ **GCGCD**

The monthly meeting was held on June 6, 2011. Mr. Cockerell attended this meeting. A copy of the agenda and well production from the Carrizo Aquifer was included in the board agenda packets. The primary focus on the meeting was redistricting based on data from the 2010 census. The firm of Allison & Bass Associates, LLP was hired to prepare recommendations that will be provided at a later date.

➤ **Region L**

The next quarterly meeting is scheduled for August 4, 2011. (See Agenda Item 5)

The fifth order of business was a Resolution in Support of Alan Cockerell to Fill a Vacant Position on the Region L Planning Group (SSLGC R11-05).

Mr. Cockerell advised on the contents of the resolution to include the County Representative position for which he was nominated by Guadalupe County Commissioner's Court and a self-nominated Agriculture Representative position.

Vice-President Dwyer made a motion to approve Resolution # SSLGC R11-05 in support of Alan Cockerell to fill a vacant position on the Region L Planning Group. Secretary Timothy "Jake" Jacobs seconded the motion. Upon a vote being called, the motion carried by unanimous decision.

The sixth order of business was Accept the Rate Analysis/Long Term Financial Plan - Dan Jackson, Economist.com.

A copy of Mr. Jackson's FY2011-12 Rate Study was distributed to the Board. He gave a PowerPoint presentation regarding his Rate Study. Mr. Jackson advised the following proposed water rates for FY2011-12:

- ❖ City of Schertz: \$1.55 per 1,000 Gal
- ❖ City of Seguin: \$1.55 per 1,000 Gal
- ❖ Universal City: \$2.09 per 1,000 Gal
- ❖ City of Selma: \$2.09 per 1,000 Gal
- ❖ Springs Hill: \$1.71 per 1,000 Gal
- ❖ City of Converse: \$1.71 per 1,000 Gal

Mr. Jackson explained the factors included in his calculations and how the additions of SAWS and City of Converse will affect future rates.

Mr. Cockerell requested that the Board approve the FY2011-12 Water Rate Plan Update as well as the FY2011-12 Budget. Mr. Bierschwale recommended that the Board be allowed time to review the budget and consider on the July 2011 Board Meeting. Mr. Cockerell advised the Board that the rates can be approved during this meeting; if there are any changes to the budget the water rates will be affected. He stated that there will be an action item on the July 2011 Agenda to approve the FY2011-12 Budget.

Vice-President Dwyer made a motion to accept the FY2011-12 Water Rate Plan. Secretary Timothy "Jake" Jacobs seconded the motion. Upon a vote being called, the motion carried by unanimous decision.

The seventh order of business was Legislative Update – Jack Fickessen, Legislative Consultant.

Mr. Fickessen advised the Board that there was a great deal of legislation regarding water. The SSLGC 2011 Final Legislative Report Bill Summaries was distributed at the Board Meeting. He stated, regarding Groundwater Districts, there will continue to be regulation at local levels, however there will be a state standard established to assist in provision of a uniform groundwater conservation district's management plan.

Mr. Fickessen advised that SB332 – Fraser provides that the legislature recognizes that a landowner owns the groundwater below the surface of the landowner's land as real property.

The eighth order of business was Formation of Cibolo Valley Local Government Corporation – Crockett Camp, Project Manager/Consultant.

Mr. Cockerell advised the Board that the Organizational Meeting was canceled/rescheduled. The need to delay the organizational meeting was due to the fact that now all the signatures of the Incorporators must be notarized. Mr. Cockerell advised that Mr. Spain was addressing this issue.

The ninth order of business was SSLGC Construction Update – John Winkler, Walker Partners & Alan Cockerell, General Manager.

Mr. Cockerell advised that there has been a delay in the pump installation; waiting on impellers. The anticipation is that one pump should be completed and functioning mid-July.

Mr. Cockerell advised that Weisinger, Inc. has presented a change order with the additional cost to be \$45,340; this is due to the necessity of increased depth for Well #11. The final adjusted amount of the contract would be \$2,205,340.

Vice-President Dwyer made a motion to accept Change Order #1 from Weisinger, Inc. to increase in the amount of \$45,340. Treasurer Koenig seconded the motion. Upon a vote being called, the motion carried by unanimous decision.

The tenth order of business was Gonzales County Water Level Measurements – Bill Klemt, Consulting Geologist.

Included in the board packet was a copy of Mr. Klemt's report dated June 14, 2011. His conclusion was that based on the water levels measured in the Carrizo and Queen City aquifers since the Year 2000 in southwestern Gonzales County, in his opinion, the Carrizo aquifer continues to perform better than was predicted. Larger than normal water-level declines measured in the Queen City and Sparta during the period June 2010 – June 2011 are the result of the drought Gonzales County is presently experiencing.

The eleventh order of business was SAWS Expansion Project – John Winkler, Walker Partners.

Included in the board packet was a copy of Mr. Winkler's Summary of PER dated June 1, 2011. Mr. Cockerell advised that he and Mr. Winkler have a meeting scheduled Tuesday, June 28th with SAWS to review the preliminary engineering report. Mr. Winkler advised that after working with staff to determine the recommendations for improvements, the costs are projected to increase from approximately \$14,500,000 to \$18,000,000. This has been discussed with SAWS. Mr. Winkler stated that these improvements will prove to enable the system to be more efficient and simplify maintenance for the operators. With these new additional improvements the anticipated time frame was fifteen to sixteen months of construction processes.

The twelfth order of business was Oil & Gas Leasing Program - Bill Knobles, Special Counsel & Alan Cockerell, General Manager.

Mr. Cockerell stated that in February 2011 lease contracts were signed with Rambar. They were due to expire in May 2011 with an option to extend for an additional thirty days. Rambar exercised that option to extend for approximately fifty percent of those properties. Mr. Cockerell stated that Rambar has paid over \$50,000 in escrow money for these leases which they have forfeited. In June 2011 a check was issued by Rambar payable to SSLGC to lease the Weber-Box Property. With the remaining properties released from the Option to Lease agreement, Mr. Knobles is working with two other interested parties to determine their interest/intent regarding potential options. Mr. Cockerell will continue to update the Board.

The thirteenth order of business was Gonzales County Water Leases – Crockett Camp, Project Manager/Consultant.

President Greenwald deferred agenda item thirteen to Executive Session.

President Greenwald closed General Session at 3:20 p.m.

The fourteenth order of business was Executive Session called under Chapter 551 Government Code, Section 551.071, to seek the advice of its attorney on legal matters, and Section 551.072, for deliberations regarding real estate.

President Greenwald opened Executive Session at 3:30 p.m.

Executive Session was held from 3:30 p.m. to 3:40 p.m.

The fifteenth order of business was Consider and Take Action as Result of Agenda Item Number Fourteen.

President Greenwald reopened General Session at 3:40 p.m.

As a result of Executive Session:

NO ACTION WAS TAKEN

The sixteenth order of business was Consideration and/or Action on Questions and Possible Items to be placed on the Next Agenda.

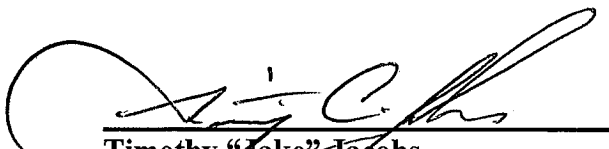
No additional discussion was held.

The next regular board meeting was scheduled July 21, 2011 at 1:30 p.m. in Schertz, Texas.

The seventeenth order of business was Adjournment.

President Greenwald declared the meeting adjourned at 3:41 p.m.

MINUTES APPROVED THIS 21st DAY OF JULY, 2011.



Timothy "Jake" Jacobs
Secretary, Board of Directors

ORIGINAL